

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1274 – HB 1215

March 12, 2014

**SUMMARY OF ORIGINAL BILL:** Requires public water systems to purchase products that will be added to water from manufacturers meeting certain requirements. Requires the manufacturer to make information readily accessible to the public. Creates a Class B misdemeanor punishable by a fine of \$500 for any manufacturer that knowingly omits or falsifies information.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$201,600/General Fund  
\$403,800/Environmental Protection Fund

Increase Local Expenditures – Exceeds \$4,000,000\*

**SUMMARY OF AMENDMENT (014003):** Deletes the preamble and all language after the enacting clause. Requires water treatment plant operators to measure and record the amount of fluoride in its treated water at the same time that it does regular testing for biological contaminants. Requires the operators of such plants to report fluoride measurements to the Department of Environment and Conservation (TDEC). Prohibits adding fluoride to treated water if the total amount of fluoride exceeds 0.7 mg/l. Requires systems with water that contains fluoride to provide a specific notice on the first page of all communications with customers. A civil penalty of \$200 per occurrence would be levied on providers that violate the notice provisions of the amended bill. Any other violation of the requirements would be subject to a civil penalty of \$1,000 per occurrence.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – \$22,100/General Fund  
\$44,300/Environmental Protection Fund

**Other Fiscal Impact -** According to the Bureau of TennCare, there would be no immediate cost to the state. However, TennCare states that the lack of fluoride in drinking water could lead to an increase in the cost of dental claims over the next five years. Due to many unknown factors, a precise increase cannot be quantified. However, for each one percent increase in the cost of dental claims paid by TennCare,

**the result would be an increase in expenditures of \$1,650,000, based upon claims paid in FY12-13. Any such increase would not likely occur until FY18-19.**

Assumptions for the bill as amended:

- TDEC will require one additional environmental specialist to receive and review the test result information submitted by local governments.
- The total recurring cost of this new position is estimated to be \$66,351 (\$39,636 salary + \$16,315 benefits + \$10,400 associated equipment and training).
- The Division of Water Supply is funded 33.3 percent from the General Fund and 66.7 percent from the Environmental Protection Fund.
- The recurring increase in state expenditures from the General Fund is estimated to be \$22,095 ( $\$66,351 \times 33.3\%$ ).
- The recurring increase in state expenditures to the Environmental Protection Fund is estimated to be \$44,256 ( $\$66,351 \times 66.7\%$ ).
- It is assumed that any increased cost to locally-owned utilities for additional testing and other administrative requirements would be offset by decreased expenditures for fluoride.
- Any revenue related to civil penalties is estimated to be not significant.

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditures requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/cce